



## 38 CFR Part 74 Non-Compliance Process for Ineligible Firms

### How to refer firms believed to be ineligible for the Veterans First Verification Program

#### Issue:

The Center for Verification and Evaluation (CVE) has established a process to report firms alleged to be non-compliant with one or more of the regulatory requirements for the Vets First Verification Program. Additionally, alleged fraud must be reported to the Department of Veterans Affairs Office of the Inspector General (VA OIG).

#### Discussion:

The Vets First Verification Program is regulated by [38 CFR Part 74: Veteran Small Business Regulations](#). To apply for Veteran set-asides and sole-source procurements available through the VA Veterans First Contracting Program, firms must demonstrate eligibility, ownership, and unconditional control to obtain verification by CVE.

#### Eligibility

Eligibility is determined by the firm's ability to **meet the small business requirements** set by the Small Business Administration (SBA) and the firm's owner's designation as a Veteran. A Veteran is a person who served on active duty with the Army, Air Force, Navy, Marine Corps, or Coast Guard—for any length of time discharged or released under conditions other than Dishonorable. A Reservist or member of the National Guard called to federal active duty

or disabled from a disease or injury incurred or aggravated in the line of duty or while in training status also qualify as a Veteran.

#### Ownership

One or more Veterans or Service-disabled Veterans **must have** direct and unconditional ownership of at least **51% of the company**.

#### Unconditional Control

The Veteran owner(s) **must have** all the requirements for unconditional control with **possession of**:

- Full decision-making authority
- Managerial experience to the extent and complexity needed to manage the company
- Strategic policy and day-to-day decision-making authority
- Highest compensation within the company (unless there is a reasonable explanation why the owner is compensated less)
- Highest officer position within the company

If it is believed that a firm is in violation of one or more of the 38 CFR Part 74 regulation requirements, a **Non-Compliance Referral Form** (attached) should be submitted to CVE detailing the violation(s) and providing evidence of the violation(s). Complete the form in its entirety and Email it to [vacocvereferrals@va.gov](mailto:vacocvereferrals@va.gov).

### **Making Other Types of Claims**

The **form and Email** referenced are to be used for **non-compliance referrals only**.

If you desire to allege a firm is fraudulent, please report the matter directly to [VA OIG](#).

CVE has no authority to determine a firm's size. If a firm claims to be a small business but is not, the preferred method of reporting is directly to [SBA](#).

To get more information about verification application resources, please visit [Verification Assistance](#).

Visit <http://www.va.gov/osdbu> for more information about CVE and the Verification Process.

### **Center for Verification and Evaluation**

1-866-584-2344

Monday-Friday

8 a.m. to 8 p.m. (EST)

Status Update:

[verificationfollowup@va.gov](mailto:verificationfollowup@va.gov)

Profile Questions: [vip@va.gov](mailto:vip@va.gov)



U.S. Department  
of Veterans Affairs

Office of Small and Disadvantaged  
Business Utilization  
*Center for Verification and Evaluation*

# 38 CFR Part 74 Non-Compliance Referral Form

Please complete the ENTIRE form and submit to: [vacocvereferrals@va.gov](mailto:vacocvereferrals@va.gov)

Referred By:

Date

SDVOSB/VOSB Company Name:

Company DUNS#

Please indicate the regulation category(s) being violated:

- ☐ Company has undue influence/undue dependence on non-Veteran entity
- ☐ Non-Veteran(s) or non-Veteran entities apply undue influence on Veteran company
- ☐ Veteran owner does not have at least 51% ownership in the company
- ☐ Community Property Issues
- ☐ Veteran lacks the experience necessary to run the concern
- ☐ Veteran does not manage concern full-time or has outside employment
- ☐ Veteran is not the highest officer
- ☐ Veteran is not the highest paid
- ☐ Veteran does not control applicant decision-making
- ☐ Veteran does not have day-to-day control
- ☐ Concern is a Joint Venture
- ☐ Other

Allegation(s): In the space below, please describe, in detail, how the firm in question has violated the regulation(s) indicated above. Be specific and provide the names and DUNS numbers for other affiliated companies. Include evidence to support your allegation(s) as an attachment.  
(Additional space continued on the next page)

Please indicate which organization you have reported this allegation to:

**I R R X SE BY CVE REPRESENTATIVE**

- |  |   |
|--|---|
| <input type="checkbox"/> Repeat Fraud Tip        | <input type="checkbox"/> Hotline Referral   |
| <input type="checkbox"/> Document Pull Requested | <input type="checkbox"/> Of interest to OIG |
| <input type="checkbox"/> CVE Verified            | <input type="checkbox"/> Holds VA Contracts |

Provide context (dates, names, etc.) of boxes checked

Continuation Box from Allegation(s) on previous page